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INT 543/1
Wednesday, September 5, 1945

Conference with the President (8:30 AM)

I missed my four o'clock appointment with the President yesterday afternoon because it seemed unwise, if not impossible, to leave a hearing before the House Committee on Expenditures in the Executive Departments on the reorganization bill (H.R. 3325). I had taken the witness chair at precisely two in the afternoon and I left it at almost precisely 6:00 PM. Since I had to appear before the House Appropriations Committee at 10:00 AM the next day, I called the President in the evening, failing to get anyone else at the White House. He said that he would see me in his office at 8:30 AM to go over our estimates letter revising the Federal Budget, excepting for the War and the Navy Departments, as a result of the surrender of Japan.

I was a little ahead of time and so was the President. Mr. Simmons, chief usher in the White House offices, said that the President had already mentioned his appointment with me. When Simmons told the President that I was outside, the President invited me in immediately. An artist was starting to sketch the President and continued to do so while we talked.

I explained to the President how we had gone about cutting the Budget, pointing out that I thought our recommendations were consistent with the general policy which we had previously discussed of taking off the top of the appropriations and being very sure that we were not cutting too deeply at this time. The President read completely the estimates letters and signed them. He said that he felt that our paragraphs of caution were exactly what he had in mind and that the letters were very good. He again expressed concern about the possibility that the Congress, in trying to make a record, might cut too deeply and thus wreck organizations before proper consideration is given to many of the policy questions involved in transferring functions. The President also read and approved the press release on the Budget rescissions.

Then I took up with the President several policy issues which the staff had presented to me. One of these concerned the cut in the National Defense item of the FBI. I pointed out that the FBI was willing to settle for 8,000 employees, but that we had roughly determined upon 6,000. The President asked what the prewar budget of the FBI had been, and I told him the approximate amount. He said that he thought the FBI should be cut back as soon as possible to at least the prewar level; that he proposed to confine the FBI to the United States; and that he had in mind a quite different plan for intelligence. In this connection, I pointed out that we were making a comprehensive study of intelligence and that we would probably have a report for him in the near future.

The next issue which I brought to the President's attention concerned the extent to which Selective Service would be permitted to

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establish its counseling service for veterans. At the present time, much of this counseling is done on a voluntary basis. Hershey (Director of the Selective Service System) feels that it will be increasingly difficult now to obtain voluntary help, and he has wanted to ask the Congress to provide funds for about 4,000 paid counselors. I told the President that I thought the situation with respect to veterans was rather chaotic in any event, and that we ought not establish an employment service within Selective Service. The President agreed most emphatically. He said that he did not want Selective Service to get more deeply into this area and that he hoped we could take some steps to unify the services offered to veterans.

I mentioned the fact that we proposed to leave the 500 million defense aid for agriculture support as provided by law. On several occasions we have made proposals to the Congress to eliminate this item, but without success. The President indicated that in view of this history, our recommendation was satisfactory.

Concerning the President's Emergency Fund, I pointed out that we proposed to release some of the balances and then I indicated what would be left. The President thought that our solution was all right. I said that I believed he should maintain an emergency fund. I stressed the point that even in peacetime the President of the United States should have several million dollars available to be disposed of at his discretion. The President agreed that there should be some sort of emergency fund, although he did not have clearly in mind how it might be used.

With respect to the policy questions involved in the Maritime Commission program, I explained that the Commission was proposing the construction of over 100 new ships, while we had come out - I did not know just how - with a figure of 89. I admitted that our basis for judging the program was very inadequate. I pointed out that there is a subsidy of about 50 per cent and that obviously the steamship companies would want to have the most modern ships that could be designed and built, but that at the same time we would be foreclosing sales of surplus ships to these same companies. It seemed to me that a good many questions of broad policy were involved - questions which I certainly could not evaluate. The President said that he could not evaluate them either. He suggested that we might make a special staff study of some sort as a basis for calling the whole Maritime Commission into his office for a thorough discussion of the subject.

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